

Reliance Textile Industries Limited

Annual Report 1984

ANNUAL REPORT 1984

ANNUAL GENERAL MEETING

on Monday, the 20th May, 1985
at Cooperage Football Ground
Maharshi Karve Marg
Opp. Cooperage Telephone Exchange
Bombay - 400 021
at 5.15 p.m.,

Shareholders are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.

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REGISTERED OFFICE

3rd Floor, Maker Chambers IV
222, Nariman Point, Bombay - 400 021

PLANTS

- Polyester Yarn Unit**
Patalganga; Off Bombay-Poona Road
Near Panvel, Dist. Raigad
Maharashtra . ,
- Naroda Unit**
1031106, Naroda Industrial Estate
Naroda, Ahmedabad
- Sidhpur Unit**
Sidhpur, Dist. Mehsana, North Gujarat

BOARD OF DIRECTORS

Dhirubhai H. Ambani (*Chairman & Managing Director*)
Ramniklal H. Ambani (*Joint Managing Director*)
K. Gopa1 Rao
Jayantilal R. Shah
Mansingh L. Bhakta
K. Santhappa Shenoy (*Nominee Director-G.I.C.*)
Rukmaj Rao Hirway (*Nominee Director-I.C.I.C.I.*)
T. Ramesh U. Pai.
Natvarlal H. Ambani (*Executive Director*)
Rasiklal L. Meswani (*Executive Director*)
Mukesh D. Ambani (*Executive Director*)
Anil D. Ambani (*Executive Director*)

SECRETARY

Vinod M. Ambani

SOLICITORS & ADVOCATES

Kanga & Co.
Dave & Co.

AUDITORS

Rajendra & Co.
Chaturvedi & Shah

BANKERS

Syndicate Bank
State Bank of India
Canara Bank
Bank of Baroda
Indian Bank
European Asian, Bank
Grindlays Bank p.l.c.

REGISTRARS & TRANSFER AGENTS

Reliance Consultancy Services Limited
56, Mogra Village Lane, Off Old Nagardas Road,
Andheri (East) Bombay - 400 069

FINANCIAL HIGHLIGHTS

(Rs. in crores)

	1984	1983	1982	1981	1980	1979	1977-78 (15 months)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sales	604.27	502.82	406.33	301.66	207.68	155.12	120.11
Other Income	6.99	4.68	2.51	3.63	2.55	2.50	1.98
Profit on sale and/or discard of assets (Net)	0.12	--	—	—	—	—	0.02
(A) Manufacturing Expenses	611.38	507.50	408.84	305.29	210.23	157.62	122.11
Loss on sale and/or discard of assets (Net)	493.49	416.08	346.58	257.83	180.98	138.00	107.01
Interest	—	—	—	—	0.03	0.01	—
(B) Interest	22.62	21.52	18.93	16.79	11.13	7.05	4.95
(C) Gross Profit (A-B)	516.11	437.60	365.51	274.62	192.14	145.06	111.96
Depreciation	95.27	69.90	43.33	30.67	18.09	12.56	10.15
Provision for Taxation	34.17	31.38	14.17	10.97	6.88	4.35	3.40
(D) Net Profit (C-D)	—	—	—	—	—	—	0.20
(E) Net Profit (C-D)	34.17	31.38	14.17	10.97	6.88	4.35	3.60
	61.10	38.52	29.16	19.70	11.21	8.21	6.55
WHAT THE COMPANY OWNED							
Fixed Assets							
Gross Block	520.08	394.88	356.71	133.46	74.97	47.96	30.90
Less: Depreciation (Cumulative)	104.64	73.42	42.10	27.90	17.02	10.21	5.87
Net Block	415.44	321.46	314.61	105.56	57.95	37.75	25.03
Investments	0.17	0.12	0.12	0.07	0.08	0.07	0.04
Current Assets	246.25	215.19	91.53	156.55	93.76	72.35	35.08
	661.86	536.77	506.26	262.18	151.79	110.17	60.15
WHAT THE COMPANY OWED							
Long Term Funds	276.96	239.99	260.60	83.17	38.56	21.80	11.93
Medium/Short Term Funds	44.83	35.46	22.85	16.36	9.03	5.89	3.91
Current Liabilities & Provisions	93.68	131.44	131.27	105.56	72.41	58.84	29.87
	415.47	406.89	414.72	205.09	120.00	86.53	45.71
NET WORTH OF THE COMPANY							
Equity Share. Capital	46.18	36.15	1.60	16.67	12.06	7.54	5.95
Preference Share Capital	5.80	5.80	5.80	0.30	0.30	0.30	0.30
Reserves & Surplus	194.41	87.93	67.14	40.12	19.43	15.80	8.19
	246.39	129.88	91.54	67.09	31.79	23.64	14.44

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting the 11th Annual Report together with the Audited Statement of Accounts for the year ended 31st December, 1984.

FINANCIAL RESULTS

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
Gross Profits		9527.23		6990.65
Of the above, the following provisions and/or appropriations have been made				
(a) Depreciation	3417.36		3138.26	
(b) Investment Allowance Reserve	2915.00		<u>2775.00</u>	
		6332.36		5913.26
There remains a balance of		3194.87		1077.39
Adding thereto:				
Balance brought forward from previous year		212.33		263.03
Investment Allowance (Utilised) Reserves no longer required		30.37		—
		3437.57		1340.42
Less: Recommended Dividends:				
(subject to deduction of tax)				
(a) on 11 % Cumulative Redeemable Preference Shares	3.30		3.30	
(b) on 13.5% Cumulative Redeemable Preference Shares	74.25		74.25	
(c) on Equity Shares	1544.17		<u>940.54</u>	
		1621.72		1018.09
Retained Profits		1815.85		322.33
Less: Transferred to General Reserve		325.00		110.00
Balance carried to Balance Sheet		1490.85		212.33

DIVIDENDS

Your Directors recommend the following dividends (subject to deduction of tax) for the year ended 31st December, 1984 to be paid if approved by the Shareholders at the 11th Annual General Meeting.

On Preference Shares

	(Rs. in lacs)	
(a) a dividend of Rs. 11 per share on 30,000 Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up		3.30
(b) a dividend of Rs.13.50 per share on 5,50,000 Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up	<u>74.25</u>	77.55

On Equity Shares

(a) a dividend at the rate of Rs. 4 per share on 3,61,51,310 Equity Shares of Rs.10 each fully paid up	1446.05	
(b) a dividend at the rate of Re..1 pro rata per share on 98,11,788 Equity Shares of Rs. 10 each fully paid up	<u>98.12</u>	1544.17
Total		<u>1621.72</u>

EXTINGUISHMENT OF DEBENTURES FOR EQUITY SHARES

With a view to strengthen the financial base for the future expansion/diversification programmes to be undertaken by the Company, your Company proposed a scheme for your approval for extinguishing the outstanding Debentures of Series I, II, III and IV and in consideration thereof issue Equity Shares. This scheme was overwhelmingly responded to by the Debentureholders in the same spirit.

Your Directors are pleased to place on record that of the total outstanding debt of Rs. 73.50 crores in the form of Debentures of Series I, II, III and IV, a sum of Rs. 71.63 crores has been extinguished and Equity Shares in the ratio of 1.4 for every Rs. 100 outstanding have been issued in terms of the permissions received from the Controller of Capital Issues, Ministry of Finance, New Delhi.

Sensing the difficulties experienced by the Shareholders and Debentureholders, the Company embarked on an innovative scheme the opening of fifty centres all over the country for the purpose of receiving extinguishment letters as well as for the delivery of Share/Debenture Certificates and for rendering prompt and personalised services. The Shareholders and Debentureholders lauded the Company's efforts for having alleviated their difficulties. The Equity Shares arising out of extinguishment of Debentures have already been listed with the Stock Exchanges at Bombay, Ahmedabad, Delhi, Calcutta, Madras, Bangalore, Poona, Kanpur and Cochin.

ISSUE OF CONVERTIBLE DEBENTURES SERIES 'E'

To finance, inter alia, the modernisation programme at Ahmedabad and Patalganga, 53,33,333~13.5% Convertible Secured Debentures (Series 'E') of Rs. 150/- each were issued to the existing investors in the Company. This issue of Rs. 150 crores was fully subscribed and allotted and these Debentures are now listed on the Stock Exchanges at Bombay, Ahmedabad, Delhi, Madras, Calcutta and Bangalore.

YEAR IN RETROSPECT

Overall Performance

The sales during the year under review, aggregated to Rs. 604.27 crores as against Rs. 502.82 crores in the previous year, that is, an increase of 20.2%. The net profits registered an increase of 58.6% rising to Rs. 61.10 crores as against 38.52 crores in the previous year.

Textile Division

During the year, the Company has completed its modernisation and replacement programmes relating to

preparatory, weaving and processing sections. The new looms installed viz., water jet and projectile belong to the latest technology which will enable the Company to produce improved quality fabrics.

Polyester Yarn Division

At Patalganga, an additional Spinning Line has now been commissioned for production of finer denier yarn.

The impact of the modernisation and replacement scheme carried out at Ahmedabad and Patalganga Units, will be reflected in the current year's working. '

FUTURE EXPANSION/DIVERSIFICATION

The financial strength of the Company was reinforced by a scheme of extinguishment of Debentures, for taking up the major projects for which it has now received the government clearances, viz., Polyester Staple Fibre (PSF), Purified Terephthalic Acid (PTA), Mono Ethylene Glycol (MEG) and Linear Alkyl Benzene (LAB). With the available expertise in terms of manpower, the potential of the Company has been greatly improved to surpass its own track record in speedily implementing the various projects involving an outlay of Rs. 674 crores. As a part of the financial planning, the Company has already negotiated foreign exchange requirement equivalent to Rs. 252 crores. The Company proposes to issue Non(c)convertible Secured Debentures of Rs. 100 crores to finance, inter alia, projects relating to Polyester Yarn/Fibre.

The Company is actively implementing its Polyester Staple Fibre Project and hopes to commission it in just fifteen months from the date of issue of the Letter of Intent on 1st February, 1985.

In this context, your Company is proposing to change its present name to "Reliance Industries Limited" signifying its entry into the field of Petro Chemical and other capital intensive industries of importance to the national economy. A resolution to this effect is being placed at the ensuing Annual General Meeting.

SULHPUR UNIT

Legal formalities relating to the transfer of Sidhpur Unit to Devti Fibers. Limited, a Company incorporated with a view to take over the running business of Sidhpur Unit as a Subsidiary of the Company, are under(c)way.

CHEMICALS & PLASTICS DIVISION OF UNION CARBIDE

The formal take over of the assets of the Chemicals & Plastics Division of Union Carbide India Limited at Anik Chembur Bombay is expected to be completed in coming weeks. The Company proposes to modernise this

Unit as well with the latest technology, to bring out optimum result in terms of turnover and profitability.

INSURANCE

All the properties and insurable interest of the Company including buildings, plant and machinery, stocks, wherever necessary and to the extent required have been adequately insured.

FIXED DEPOSITS

The Company's Fixed Deposit Scheme, inter alia, providing for acceptance of deposits under Cash Certificate Scheme received special attention and continues to enjoy the confidence of the investing public.

Deposits of Rs. 23.71 lacs which became due for repayment on or before 31st December, 1984 were not claimed by the depositors as on that date. Of these, deposits of Rs. 13.90 lacs have been repaid/renewed.

PERSONNEL

Information as per sub section (2(c)A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st December, 1984 is annexed.

DIRECTORS

Shri J. R. Shah, Shri M. L. Bhakta and Shri T. Ramesh U. Pai, the Directors of the Company retire by rotation as required by Companies Act, 1956 and as per the provisions in the Articles of Association of the Company and being eligible offer themselves for reappointment.

AUDITORS

Messrs. Rajendra & Company and Messrs. Chaturvedi & Shah, Statutory Auditors of the Company hold office until the conclusion of this Annual General Meeting and are recommended for reappointment. The Company has received certificates from the above Auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1) of the Companies Act, 1956.

Shri Rajendra J. Shah, Proprietor of Messrs. Rajendra & Company, Chartered Accountants and a Joint Auditor of the company is a relative of Shri Jayantilal R. Shah, a Director of the Company. Your attention is, therefore, invited to the Explanatory Statement to Item No. 7 annexed to the Notice convening the 11th Annual General Meeting.

The Notes to the Accounts Nos. 8, 9 and 10 referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments. As regards notes to

the Accounts No. 15, referred to in the Auditors' Report, the Company has made an application to the Controller of Capital Issues, Government of India, New Delhi, for enhancing the rate of dividend on the preference shares from 13.5% to 15% per annum with effect from 16th May, 1984. The Company would be paying differential dividend aggregating to Rs. 5.16 lacs as soon as the permission of the Controller of Capital Issues is received.

APPRECIATION

Your Directors acknowledge with gratitude the co operation and assistance given by the Financial institutions, Banks and Investors during the year under review.

Your Directors wish to place on record their sense of appreciation of the devoted services rendered by executives, staff and workers of the Company for its success.

On behalf of the Board of Directors

Bombay - 400 021.
Dated: 25th March, 1985

DHIRUBHAI H. AMBANI
Chairman & Managing Director

BALANCE SHEET AS AT 31ST DECEMBER, 1984

		1984		(Rs. in lacs) 1983	
	Schedule	Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	'A'	5197.97		4195.13	
Reserves & Surplus	'B'	19441.11		8792.68	
			24639.08		12987.81
Loan Funds					
Secured Loans	'C'	19922.78		22305.70	
Unsecured Loans	'D'	4482.87		3546.50	
			24405.65		25852.20
			49044.73		38840.01
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		52008.56		39488.09	
Less: Depreciation		10464.33		7341.81	
Net Block	'E'		41544.23		32146.28
Investments	'F'		17.04		12.06
Current Assets, Loans & Advances					
Current Assets					
Inventories	'G'	12781.27		11349.75	
Sundry Debtors		9171.46		7706.53	
Cash and Bank Balances		900.48		797.68	
Other Current Assets		18.73		17.40	
		22871.94		19871.36	
Loans & Advances	'H'	1752.93		1647.89	
		24624.87		21519.25	
Less: Current Liabilities & Provisions	'I'				
Liabilities		15484.76		13806.82	
Provisions		1656.65		1030.76	
		17141.41		14837.58	
			7483.46		6681.67
			49044.73		38840.01
Notes and Contingent Liabilities					
	'N'				

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. Shah
Proprietor.

For **CHATURVEDI & SHAH**
Chartered Accountants.

D. Chaturvedi
Partner.

D. H. Ambani
R. H. Ambani

K. Gopal Rao
J. R. Shah
M. L. Bhakta
K. S. Shenoy
R. R. Hirway
T. Ramesh U. Pai

Chairman & Managing Director
Joint Managing Director

Directors

N. H. Ambani
R. L. Meswani
A. D. Ambani

Executive Directors

V. M. Ambani

Secretary

Bombay
Dated: 25th March, 1985

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1984

	Schedule	1984		(Rs. in lacs) 1983	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Net)		60427.44		50282.57	
Other Income	'J'	711.08		467.97	
Decrease/Increase in Stocks	'K'	(-928.91)		1030.39	
			60209.61		51780.93
EXPENDITURE					
Purchases		5869.29		5650.14	
Manufacturing and Other Expenses	'L'	42551.47		36988.02	
Interest	'M'	2261.62		2152.12	
Depreciation		3417.36		3138.26	
			54099.74		47928.54
Profit for the year			6109.87		3852.39
Add: Balance as per last Balance Sheet			212.33		263.03
Transfer from Investment Allowance (Utilised) Reserve			30.37		—
			6352.57		4115.42
APPROPRIATIONS					
Transfer to Investment Allowance Reserve		2915.00		2775.00	
Proposed Dividend (subject to tax) on:					
Preference Shares		77.55		77.55	
Equity Shares		1544.17		940.54	
Transfer to General Reserve		325.00		110.00	
			4861.72		3903.09
Balance carried to Balance Sheet			1490.85		212.33
Notes and Contingent Liabilities	'N'				

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. Shah
Proprietor.

For **CHATURVEDI & SHAH**
Chartered Accountants.

D. Chaturvedi
Partner.

D. H. Ambani
R. H. Ambani

K. Gopal Rao
J. R. Shah
M. L. Bhakta
K. S. Shenoy
R. R. Hirway
T. Ramesh U. Pai

Chairman & Managing Director
Joint Managing Director

Directors

N. H. Ambani
R. L. Meswani
A. D. Ambani

Executive Directors

V. M. Ambani

Secretary

Bombay
Dated: 25th March, 1985

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'-SHARE CAPITAL

		1984	(Rs. in lacs) 1983
Authorised		Rs.	Rs.
7,50,00,000	Equity Shares of Rs. 10 each	7500.00	5000.00
30,000	11% Cumulative Redeemable Preference Shares of Rs. 100 each	30.00	30.00
5,50,000	13.5% Cumulative Redeemable Preference Shares of Rs. 100 each	550.00	550.00
4,20,000	Cumulative Redeemable Preference Shares of Rs. 100 each	420.00	420.00
		8500.00	6000.00
Issued & Subscribed			
4,61,34,664	Equity Shares of Rs. 10 each fully paid-up	4613.47	3615.13
30,000	11% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at any time after 16th March, 1990 but not later than 15th March, 1993)	30.00	30.00
5,50,000	13.5% Cumulative Redeemable Preference Shares of Rs. 700 each fully paid-up Irredeemable at any time after 31st December, 1994 but not later than 31st December, 1997)	550.00	550.00
45,005	Equity Shares of Rs. 10 each fully paid-up (pending allotment on account of consolidation of fractional coupons)	4.50	—
		5197.97	4195.13

Of the above Equity Shares:

- 1,56,62,923 Shares were allotted as fully paid-up Bonus Shares by capitalization of Share Premium and Reserves.
 - 60,33,372 Shares were allotted as fully paid-up pursuant to Schemes of Amalgamation without payments being received in cash.
 - 1,13,78,945 Shares were allotted as fully paid-up Shares on conversion of Debentures and Term Loans.
 - 1,00,28,359 Shares (inclusive of 45,005 Equity Shares represented by fractional coupons) were issued in lieu of surrender of non-convertible portion of Debentures of Series I, II, III and IV (Refer Note No. 12 of Schedule 'N').
 - 45,138 Shares (including 27,505 shares by way of Bonus) are reserved for allotment to some of the Shareholders of erstwhile The Sidhpur Mills Company Limited hereinafter referred as 'SMCL') pending approval of the concerned authorities.
- The Company will be required to Issue and allot additional 18,667 Equity Shares of Rs. 10 each at a premium of Rs. 15 per share to the Shareholders of erstwhile 'SMCL' as Right Shares if the High Court of Bombay so decides.

SCHEDULE Forming PART Of THE BALANCE SHEET
SCHEDULE 'B' - RESERVES & SURPLUS Rs. in lacs

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
Capita Reserve				
As per last Balance Sheet		3.44		3.44
Share Premium Account				
As per last Balance Sheet	87.70		843.38	
Add: Additions during the year:				
4n Conversion of Debentures	—		360.00	
On Surrender of Debentures (Refer Note No.12 of Schedule 'N')	6160.28		—	
	<u>6247.98</u>		<u>1203.38</u>	
Less: Utilised for issue of Bonus Shares	—		1115.68	
		6247.98		87.70
Development Rebate Reserve				
As per last Balance Sheet	27.92		39.42	
Less: Transferred to General Reserve	18.30		11.50	
		9.62		27.92
Investment Allowance Reserve				
As per last Balance Sheet	2775.00		950.00	
Less: Utilised for purchase of machinery during the year transferred to Investment Allowance (Utilised) Reserve	2775.00		950.00	
	—		—	
Add: Transferred from Profit & Loss Account	2915.00		2775.00	
		2915.00		2775.00
Investment Allowance (Utilised) Reserve				
As per last Balance Sheet	2655.17		1705.17	
Add: Transferred from Investment Allowance Reserve	2775.00		950.00	
	5430.17		2655.17	
Less: Transferred to Profit & Loss Account (In respect of assets sold within the prescribed period)	30.37		—	
		5399.80		2655.17
General Reserve				
As per last Balance Sheet	3031.12		2909.62	
Add: Amount transferred from:				
Development Rebate Reserve	18.30		11.50	
Profit & Loss Account	325.00		110.00	
		3374.42		3031.12
Profit & loss Account		1490.85		212.33
		<u>19441.11</u>		<u>8792.68</u>

SCHEDULE Forming PART OF THE BALANCE SHEET

SCHEDULE 'C' - SECURED LOANS

	1984		(Rs. in lacs) 1983	
	Rs.	Rs.	Rs.	Rs.
A. WORKING CAPITAL LOANS-From Banks		2850.94		5859.79
B. WORKING CAPITAL TERM LOANS - From a Bank		170.65		165.61
C. DEBENTURES				
i) 11% Privately Placed Debentures of Rs. 1000 each fully paid-Balance amount after conversion is redeemable at par in sixteen half-yearly instalments between 30th June, 1979 and 31st December, 1986	35.00		35.00	
Less: Converted/Redeemed	27.96		24.44	
	7.04		10.56	
iii) 11% Privately Placed Debentures of Rs. 1000 each fully paid - Balance amount after conversion is redeemable at par in sixteen half-yearly instalments between 20th February, 1981 and 20th August, 1988	55.00		55.00	
Less: Converted; Redeemed	33.76		28.46	
	21.24		26.54	
iii) 11% Convertible Mortgage Debentures of Rs. 500 each fully paid (Series I)-Balance amount is redeemable at par in five annual instalments between 25th October, 1987 and 25th October, 1991	700.00		700.00	
Less: Converted/Surrendered	683.82		139.44	
	16.18		560.55	
iv) 12% Convertible Mortgage Debentures of Rs. 125 each fully paid (Series II)-Balance amount is redeemable at par in five annual instalments between 14th November, 1988 and 14th November, 1992	1080.00		1080.00	
Less: Converted/Surrendered	1062.12		210.63	
	17.88		869.37	
v) 13.5% Convertible Mortgage Debentures of Rs. 125 each fully paid (Series III)-Balance amount is redeemable at per in four annual instalments between 23rd June, 1990 and 23rd June, 1993	2400.00		2400.00	
Less: Converted/surrendered	2326.41		480.00	
	73.59		1920.00	
vi) 13.5% Convertible Secured Debentures of Rs. 125 each fully paid (Series IV)-Balance amount is , redeemable at par at the end of 15th June, 1994 with an option to repay these amounts in one or more instalments by drawing tots at any time after the end of 15th June, 1991	5000.00		5000.00	
Less: Converted/Surrendered	4920.84		1000.00	
	79.16		4000.00	
Carried forward		3021.59		6025.40

SCHEDULE FORMING PART OF THE BALANCE SHEET
(Rs. in lacs)
1983

SCHEDULE 'C' (Contd.)

	1984		
	Rs.	Rs.	Rs.
Brought forward		3021.59	6025.40
vii) 13.5% Convertible Secured Debentures of Rs. 150 each fully paid-up (Series E) (Refer Note No. 6 below)	8000.00	—	
		8215.09	7387.03
D. TERM LOANS			
1. From Banks			
(a) Foreign Exchange Loan in Euro-Dollars at Floating Rate	2211.60	1551.42	
(b) Loan from State Bank of India, New York, Exim Bank, U.S.A. Line of Credit, Private Export Funding Corporation of U.S.A. and Sanva Bank Ltd., Tokyo, Japan	2643.28	3699.88	
(c) Rupee Loans	386.68	733.05	
	5251.56	5984.35	
2. From Financial Institutions			
(a) Foreign Currency Loans	2004.78	286.37	
(b) Rupee Loans	219.10	249.02	
	2223.88	535.39	
3. From Others			
Lazard Brothers & Co. Ltd., London	286.45	403.46	
	7761.89		6923.20
E. BRIDGE LOANS			
1. In Foreign Currencies			
From a Financial Institution	—	311.73	
	—	311.73	
2. In Rupees			
(a) From Financial institutions	119.00	683.00	
(b) From Housing Development Finance Corporation Limited	40.00	40.00	
	159.00	723.00	
	159.00		1034.73
F. DEFERRED PAYMENT LIABILITIES			
To Foreign Machinery Suppliers (Guaranteed by Banks and a Financial Institution)	765.21		935.34
	19922.78		22305.70

Notes:

Of the above:

- Working Capital Loans from Banks are secured against pledge and/or hypothecation of present and future, stock of raw materials, stock-in-process, finished goods, spares and stores, book debts, outstanding monies and receivable claims.
- Working Capital Term Loan represents Working Capital facilities originally granted by Bank of Baroda to The Sidhpur Mills Company Limited (now amalgamated with the Company). In terms of the Scheme of Amalgamation, a portion of the said facilities to the extent not covered by securities for Working Capital Loans is to be converted into Term Loans, amount whereof is to be determined. Amount of the said Term Loan is to be secured by way of charge on the Fixed Assets of Sidhpur Unit.
- Debentures referred in C(i), C(iv), C(vi) and Term Loan from a Financial Institutions to the extent of Rs. 27.50 lacs included in D(2)(b) are secured by legal mortgage in English Form of the Fixed Assets situate at Naroda, subject to prior charges referred to in Note 1,7(a) and 7(b).
- Debentures referred to in C(ii), C(iii), Term Loans from Financial Institutions included in D(2)(a) and D(2)(b) to the extent of Rs. 168.77 lacs and Rs. 155.60 lacs respectively and deferred payment liabilities included in F to the extent of Rs. 7.12 lacs are secured by Joint Equitable Mortgage of immovable properties, present and future, by deposit of title deeds as well as

SCHEDULES Forming PART OF THE BALANCE SHEET

SCHEDULE 'C' (Contd.)

hypothecation of movable assets, present and future, situate at Naroda. The charges shall rank, pari passu, inter se with the charges referred in Note 3 and 7(f) subject to prior charges referred in Note 1, 7(a) and 7(b).

5. Debentures referred to in C(v) are secured by legal mortgage in English Form of present and future, fixed assets, movables, floating charge on current assets, uncalled capital and entire undertaking pertaining to Patalganga Unit. The said charges shall rank, pari passu, inter se with the Term Loans referred in Note 7(c).
6. (a) Debentures referred to in C(vii) are secured by legal mortgage in English Form of the Fixed Assets situate at Naroda subject to the prior charges referred in Note 1, 7(a) and 7(b) and shall rank subsequent to the mortgages and charges created to be created by the Company in favour of:
 - (i) Trustees/Agents and Trustees for the holders of Debentures referred in C(i) to (vi) and
 - (ii) Other Financial Institutions/Banks for their outstanding loans/guarantees.
 (b) A sum of Rs. 50 out of the nominal value of each Debenture (Series 'E') issued during the year shall be converted on 30th April, 1985, into one Equity Share of Rs. 10 each credited as fully paid-up at a premium of Rs. 40 per share. The balance value of Rs. 100 per Debenture after conversion shall be redeemable at par at any time after 10th December, 1993 but not later than 10th December, 1996 and such redemption shall be by draw of lots in one or more instalments.
7. Term Loans referred to in:
 - (a) D(1)(a) to the extent of Rs. 1316.48 lacs, D(1)(c) to the extent of Rs. 55.56 lacs and D(3) are guaranteed by Banks which in turn are secured by hypothecation of specific items of plant and machinery by way of prior charge in their favour.
 - (b) D(1)(a) to the extent of Rs. 905.12 Lacs and D(2)(a) to the extent of Rs. 57.17 Lacs are secured exclusively by hypothecation of specific items of plant and machinery situate at Naroda/Patalganga.
 - (c) D(1)(b) and D(1)(c) to the extent of Rs. 232.50 lacs are secured by charge/mortgage of immovable and movable properties present and future, situate at Patalganga.
 - (d) D(1)(c) to the extent of Rs. 98.62 lacs are secured/to be secured by hypothecation of all movable machinery including all stock and spare-parts both present and future, of the Company's undertaking situate at Sidhpur. The charge shall rank, pari passu, inter se with the charges referred in Note 2.
 - (e) D(2)(a) to the extent of Rs. 1550.25 lacs are secured by hypothecation of plant and machinery situate at Naroda and Patalganga. The charge shall rank, pari passu, inter se with the charges referred in Note 3.
 - (f) D(2)(a) to the extent of Rs. 50.67 lacs are secured by hypothecation of movable assets situate at Naroda, subject to prior charges referred in Note 1, 7(a) and 7(b).
 - (g) D(2)(a) to the extent of Rs. 177.92 Lacs are secured by mortgage of all immovable properties and hypothecation of all movable properties both present and future, situate at Naroda and Surat subject to prior charges referred in Notes 1, 7(a) and 7(b).
 - (h) D(211b) to the extent of Rs. 36.00 lacs are secured by a first charge on the fixed assets relating to the Naroda Unit ranking pari passu with the existing charges.
8. (a) Bridge Loan referred to in E(2)(b) is to be secured against specific items of immovable assets and is guaranteed by some of the Directors in their personal capacity.
- (b) Bridge Loan referred to in E(2)(a) is to be secured by a first charge of the fixed assets situate at Naroda Unit, ranking pari passu with the existing charges.
9. Deferred payment liabilities referred in 'F' to the extent of Rs. 758.09 lacs are to be secured in the manner mentioned in Note 8(b).
10. Loans repayable within one year is Rs. 1499.94 lacs.

SCHEDULE 'D' - UNSECURED LOANS

Fixed Deposits

(Including Cash Certificates of Rs. 469.60 lacs)

From Scheduled Banks

Overdrawn balance in Current Accounts
(As per Books of Accounts)

	1984	1983
	Rs.	Rs.
	4469.43*	3526.97
	13.24	19.53
	4482.87	3546.50

* includes deposits of Rs. 800.27 lacs repayable within one year.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'E' - FIXED ASSETS

(Rs. in lacs)

Nature of Fixed Assets	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
	As at 1-1-84	Additions	Deductions	As at 31-12-84	Total upto 31-12-84	As at 31-12-84	As at 31-12-83
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Goodwill	126.24	—	—	126.24	—	126.24	126.24
Leasehold Land	317.84	—	—	317.84(a)	—	317.84	317.84
Freehold Land	11.49	—	—	11.49	—	11.49	11.49
Buildings	3836.42	1171.26	841.12	4166.56(b)	266.64	3899.92	3694.52
Railway Siding	0.50	—	—	0.50	0.12	0.38	0.42
Plant & Machinery	33452.87	16843.35	4819.13	45477.09(c)	9923.57	35553.52	26429.05
Electric Installation	665.12	81.99	41.58	705.53(d)	98.47	607.06	610.49
Factory Equipments	345.09	26.79	39.14	332.74	47.66	285.08	319.40
Furniture & Fixtures	636.80	106.16	7.58	735.38	96.28	639.10	566.68
Vehicles	95.72	44.19	4.72	135.19	31.59	103.60	70.15
	39488.09	18273.74	5753.27	52008.56	10464.33	41544.23	32146.28
Previous Year	35670.79	3831.72	14.42	39488.09	7341.81	32140.28	

Notes:

- (a) includes Leasehold Land to the extent of Rs. 231.74 lacs in respect of which Lease Deeds are pending execution. No write-off has been made in respect of lease premium paid for Leasehold Land since the lease are granted for a long period.
- (b) Includes (i) under construction Rs. 765.58 lacs and (ii) cost of ownership premises in co-operative societies Rs. 3.9 7 lacs. .
- (c) Includes (i) Rs. 7127.11 lacs under installation and (ii) Rs. 253.96 lacs in transit.
- (d) Includes Rs. 10.71 lacs under installation.
- (e) Depreciation is provided in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956. Depreciation in respect of fixed assets put to use during the year is charged on pro rata basis with reference to the period of use. ,
- (f) In the light of recent clarification issued by Ministry of Industry and company Affairs, the Company has provided for depreciation on the basis of revised rates as prescribed by the Finance Act, 1983 on all the assets and has also made good, short provision made in last year in respect of assets put to use prior to 31st December, 1982 amounting to Rs. 69.89 lacs. Had the earlier practice been continued, the provision of depreciation for the year would have been lower by Rs. 61.58 lacs.
- (g) Deductions includes Rs. 5393.95 lacs on account of cessation of future liability of interest on Debentures surrendered during the year. No provision of depreciation is made on this account.
- (h) Additions during the year includes assets acquired of Rs. 15.30 lacs for Research and Development.

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 'F' - INVESTMENTS (At Cost)

(Rs. in lacs)

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
TRADE INVESTMENTS - Unquoted				
6 Equity Shares of New Piece Goods Bazar Co. Ltd., of Rs. 1000 each fully paid-up	0.17		0.17	
5 Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd., of Rs. 200 each fully paid-up	0.01		0.01	
165 Shares of The Art Silk Co-operative Ltd., of Rs. 100 each fully paid-up	0.16		0.16	
225 Shares of Crimpers Industrial Co-operative Society Ltd., of Rs. 100 each, Rs. 25 per share paid-up	0.06		0.06	
20 Shares of the Bombay Market Art Silk Co-operative (Shops & Warehouses) Society Ltd., of Rs. 200 each fully paid-up	0.04		0.04	
4980 Shares of Hindustan Oil Exploration Co. Ltd., of Rs. 100 each fully paid-up	4.98		—	
		5.42		0.44
OTHER investments				
In Government Securities-Unquoted				
7 Years National Savings Certificate-face value Rs. 0.79 lacs (deposited with Central Excise Collectorate)		0.79		0.79
In Government Securities-Quoted				
3% Conversion Loan of 1946-face value Rs. 0.47 lacs (deposited with Central Excise Collectorate)		0.28		0.28
In Shares-Quoted				
5,000 Equity Shares of Housing Development Finance Corporation of India Ltd., of Rs. 100 each fully paid-up	5.00		5.00	
1,000 Equity Shares of Air Control & Chemicals Engineering Co. Ltd., of Rs. 100 each fully paid-up	0.55		0.55	
		5.55		5.55
In Debentures-Quoted				
1,666 13% Convertible Debentures of The Industrial Credit & Investment Corporation of India Ltd., of Rs. 300 each fully paid-up		5.00		5.00
		17.04		12.06

(Rs. in lacs)

AGGREGATE VALUE OF

	Book Value	Market Value	Book Value	Market Value
Quoted Investments	10.83	9.59	10.83	10.48
Unquoted Investments	6.21	—	1.23	—

SCHEDULES FORMING PART OF THE BALANCE SHEET
(Rs. in lacs)
SCHEDULE 'G' - CURRENT ASSETS

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
INVENTORIES (at cost except otherwise stated) (Certified and valued by the Management)				
Stores, Spares, Dyes, Chemicals etc.	1198.45		762.10	
Raw Materials	4694.89		2840.09	
Stock-in-transit	157.37		95.95	
Stock-in-process	3414.35		3534.45	
Finished Goods	3295.71		4093.83	
By-product (at realisable value)			7.36	
Others (includes decommissioned, machinery Rs. 13.07 lacs at written-down value and Building Materials Rs. 5.38 lacs)	20.50		15.97	
		12781.27		11349.75
SUNDRY DEBTORS (Unsecured)				
Over six months:				
Considered Good	958.63		938.90	
Considered Doubtful	103.66		74.18	
	1062.29		1013.08	
Less: Provision for doubtful debts	103.66		74.18	
	958.63		938.90	
Others, considered good	8272.83		6767.63	
		9171.46		7706.53
CASH AND BANK BALANCE				
Cash on hand	17.39		21.86	
Balance with Scheduled Banks				
In Current Accounts (includes excess Share and Debenture Application Monies Refundable Rs. 130.11 lacs)	735.05		681.89	
In Fixed Deposit Accounts (includes Rs. 2.46 lacs lodged with Central Excise Authorities and Rs. 50.08 lacs endorsed in favour of the Bankers)	148.04		93.93	
		900.48		797.68
Cost of Import Entitlements (Under Export Promotion Scheme)		18.73		17.40
		22871.94		19871.36

SCHEDULE 'H' - LOANS & ADVANCES
(Rs. in lacs)

	1984	1983
	Rs.	Rs.
UNSECURED-CONSIDERED GOOD		
Advances recoverable in Cash or in Kind or for value to be received (includes Rs. 0.60 lacs from Officers) - (Maximum balance during the year Rs. 0.93 lacs)	335.56*	272.32
Advance against Capital Expenditure	1078.94	1084.22
Deposits (include Rs. 12.09 lacs with a firm in which some of the Directors are interested as Partners)	231.621+	233.15
Prepaid Expenses	24.39	28.21
Balance with Customs, Central Excise Authorities etc.	82.42	29.99
	1762.93	1647.89

* Excluding Rs. 16.35 lacs considered doubtful and provided for

+ Excluding Rs. 0.26 lacs considered doubtful and provided for

SCHEDULE FORMING PART OF THE BALANCE SHEET

(Rs. in lacs)

SCHEDULE 'I' - CURRENT Liabilities & PROVISIONS

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
CURRENT LIABILITIES				
Sundry Deposits	147.20		167.19	
Sundry Creditors	3550.52		5182.78	
Unclaimed Dividends	68.36		15.50	
Interest accrued but not due on loans (includes Rs. 1453.31 lacs payable within one year)	11588.57		8422.18	
Excess Share and Debenture Application Monies refundable	130.11		19.17	
		15484.76		13806.82
Provisions				
Gratuity and Superannuation Funds	34.93		12.67	
Proposed Dividends	1621.72		1018.09	
		1656.65		1030.76
		17141.41		14837.58

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'J' - OTHER INCOME

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
Incentives, Assistance & Drawbacks on Exports received	54.81		150.46	
Processing Charges	291.83		84.17	
Dividend (Gross)				
On other Investments (Tax at source Rs. 0.14 lacs)	0.61		0.50	
Profit on sale/discard of Assets (Net)	11.63		1.58	
Miscellaneous Income	352.20		231.26	
	711.08		467.97	

SCHEDULE 'K' - INCREASE IN STOCKS

	1984		1983	
	Rs.	Rs.	Rs.	Rs.
STOCK-IN-TRADE (at close)				
Finished Goods	3295.71		4093.83	
Stock-in-process	3414.35		3534.45	
By-product	—		7.36	
Others	2.05		5.38	
		6712.11		7641.02
STOCK-IN-TRADE (at commencement)				
Finished Goods	4093.83		3350.63	
Stock-in-process	3534.45		3213.64	
By-product	7.36		4.35	
Others	5.38		42.01	
		7641.02		6610.63
		(-928.91)		1030.39

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'L' - MANUFACTURING & OTHER EXPENSES

	1984		(Rs. in Lacs) 1983	
	Rs.	Rs.	Rs.	Rs.
RAW MATERIALS CONSUMED				
Stock at commencement	2840.09		3256.69	
Add: Purchases	18049.11		14723.37	
	20889.20		17980.06	
Less: Stock at close	4694.89		2840.09	
		16194.31		15139.97
MANUFACTURING EXPENSES				
Carriage Inward	150.37		155.59	
Stores & Spare parts consumed	708.43		799.02	
Dyes & Chemicals	1489.62		1354.21	
Electric Power, Fuel & Water	1910.56		1865.34	
Machinery Repairs	65.36		69.37	
Building Repairs	39.73		36.11	
Labour, Processing & Machinery Hire Charges	671.92		534.42	
Excise Duty on Yarn	15753.45		12281.95	
		20789.44		17096.01
PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salaries, Wages & Bonus	1421.31		1208.30	
Contribution to Provident Fund, Gratuity Fund, Super-annuation Fund, Employees State Insurance Scheme, Pension Scheme, Labor Welfare Fund etc.	171.32		172.79	
Employees' Welfare and other amenities	190.35		161.81	
		1782.98		1542.90
SALES & DISTRIBUTION EXPENSES				
Samples, Sales Promotion & Advertisement Expenses	364.11		471.32	
Brokerage & Commission	389.60		273.18	
Export Expenses	1.40		1.64	
Packing Expenses	1094.90		1018.89	
Warehousing Charges	34.28		18.03	
Freight and Forwarding Charges	263.64		238.83	
		2147.93		2021.89
ESTABLISHMENT EXPENSES				
Insurance	131.62		129.31	
Rent	38.98		34.42	
Rates & Taxes	7.85		4.46	
Other Repairs	46.68		46.13	
Travelling Expenses (including Rs. 10.01 lacs for Director's)	96.78		71.47	
Payment to Auditors	8.38		6.94	
Directors' Fees	0.10		0.07	
General Expenses	1234.78		801.85	
Provision for doubtful recoveries	29.17		62.91	
Charity & Donation	42.47		29.69	
		1636.81		1187.25
		42551.47		36988.02

SCHEDULE 'M' - INTEREST

	1984	(Rs. in lacs) 1983
	Rs.	Rs.
Debentures	266.21	363.05
Fixed Loans	1992.26	908.86
Others (Net)	803.15	880.21
	2261.62	2152.12

SCHEDULE 'N' - NOTES AND CONTINGENT Liabilities

1. The previous year's figures have been regrouped wherever necessary.
2. The Company is accounting the following on cash basis:
 - (a) Export incentives and other claims
 - (b) Drawback on return of cops'
 - (c) Income on Investments
 - (d) Excise Duty set off
 - (e) Liability in respect of maturity value in excess over initial investment of Cash Certificates issued by the Company under Fixed Deposit Scheme.
3. No provision for taxation has been made in the absence of taxable income under the Income-Tax Act, 1961.
4. Interest-Others (net) is arrived at after deducting Rs. 48.98 lacs (Tax at source Rs. 3.22 Lacs) being interest received/receivable.
5. The figure of 'Sales' has been arrived at after adjusting: .

	1984	<i>(Rs. in lacs)</i>
	Rs.	1983
	Rs.	Rs.
(a) Excise Duty	1724.67	1492.38
(b) Sales Tax	49.81	259.91

6. Revenue expenses amounting to Rs. 49.75 lacs on Research and Development have been included under the respective heads of accounts.

7. Auditors' Remuneration

	1984	<i>(Rs. in lacs)</i>
	Rs.	1983
	Rs.	Rs.
(a) Audit fees	6.00	5.00
(b) For certification and consultation in Finance and Tax matters	1.68	1.30
(c) Out-of-pocket expenses	0.70	0.64
	8.38	6.94

8. The statement of accounts from the Official Liquidator of 'SMCL' from 1st January, 1981 to 31st December, 1984 has not been received till date. However, the Company carried out an inspection of the books of accounts of the Liquidator and obtained details of receipts and payments made by him and has incorporated the same in the accounts of respective years. Necessary adjustments, if any, would be made upon receipt of final statement of accounts.
9. (a) The Company has continued to capitalise interest on Debentures and Term Loans availed during the year for procuring fixed assets for the entire contracted period on the following assumptions:
 - (i) Agreed rate of interest till the date of repayment of the said loans accrues at the time of availment of the loans.
 - (ii) All loans shall be repaid on due dates, and -
 - (iii) For Euro-Currency loans, procured on fluctuating rates of interest based on LIBOR/SIBOR, the rate of interest will be rate prevailing on the relevant dates of respective years.
- (b) Necessary adjustments arising on account of variance in the above assumptions have been charged to Profit & Loss Account.

SCHEDULE 'N' (Contd.)

(c) The total amount of future interest capitalised upto 31st December, 1984 is Rs. 19072.31 lacs (Previous year Rs. 9368.08 lacs). Of this, a sum of Rs. 5393.95 lacs is not required to be paid consequent to surrender of Debentures.

(d) Accordingly, the charge to the Profit & Loss Account on account of depreciation is higher by Rs. 397.20 (Previous year Rs. 612.20 lacs) and interest is lower by Rs. 955.10 lacs (Previous year Rs. 788.82 lacs).

10. (a) The Company has been advised that the computation of net profit (for the purpose of calculation of Directors' remuneration under Section 349 of the Companies Act, 1956) need not be enumerated, since no commission has been paid to the Directors and only minimum remuneration has been paid to the Directors as per approval of the Central Government received under Section 198 and Section 309 of the Companies Act, 1956.

(b) Managing Directors' and Executive Directors' Remuneration .

	<i>(Rs. in lacs)</i>	
	1984	1983
	Rs.	Rs.
(i) Salaries	3.00	2.94
(ii) Contribution to Provident Fund and Superannuation Fund	0.75	0.74
(iii) Provision for Gratuity (as per actual valuation)	0.26	0.15
(iv) Perquisites	1.96	1.74

(c) Remuneration to Executive Directors includes a provision of Rs. 0.72 lacs payable to one of them which is awaiting approval of Central Government.

11. (a) Foreign Currency Loans availed of during the year to acquire plant and machinery have been accounted for in terms of Indian Rupees at the exchange rates prevailing on relevant dates.

(b) Difference on account of fluctuations in exchange rates of Rs. 359.29 lacs (Previous year Rs. 41.22 lacs) includes difference arising on payment of instalments of loans, deferred credit facilities and interest. The same has been included under the head 'General Expenses'.

12. In terms of the approval given by the Shareholders, Debentureholders and the Controller of Capital issues, Government of India, New Delhi, the Company has issued 1,00,28,359 Equity Shares of Rs. 10 each credited as fully paid-up (including 45,005 Equity Shares represented (by fractional coupons pending consolidation and allotment) against debentures of the value of Rs. 7163.12 lacs surrendered by the Debentureholders in the ratio of 1.4 Equity Shares of Rs. 10 each for every Rs. 100 outstanding on the said Debentures. Consequently:-

(a) Difference between the outstanding value of the debentures surrendered and the paid-up value of equity shares issued amounting to Rs. 6160.28 lacs has been credited to Share Premium Account.

(b) Interest on debentures surrendered for the balance contracted period amounting to Rs. 5393.95 lacs capitalised by adjusting to value of fixed assets in the past is no more required to be paid and consequently the same has been reduced from the written down value of the fixed assets.

(c) Expenses amounting to Rs. 20.66 lacs incurred by the Company on surrender of such debentures have been included under the head 'General Expenses'

SCHEDULE 'N' (Contd.)

13. Sundry Creditors' includes:

(Rs. in lacs)

	1984 Rs.	1983 Rs.
(a) For Capital Expenditure	353.10	115.73
(b) Fixed deposits matured but unclaimed and unpaid	23.71	9.60

14. CONTINGENT LIABILITIES

(Rs. in lacs)

	1984 Rs.	1983 Rs.
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Advance paid Rs. 1078.94 lacs) (Previous year Rs. 1084.22 lacs)	6106.23	4073.53
(b) Outstanding guarantees furnished by Bankers	180.29	447.59
(c) Bonds executed in favour of Excise and Customs Authorities	2332.85	3170.26
(d) Uncalled liability on partly paid shares	0.17	0.17
(e) Claims against the Company not acknowledged as Debts	215.25	212.77
(f) Export bills discounted against irrevocable Letters of Credit	6.47	4.50
(g) Indemnities towards export obligations against capital goods imports	286.00	298.50

15. In terms of letter of offer dated 25th October, 1982 read with Government's Notification permitting increase in the rate of dividend on Preference Shares with effect from 16th May, 1984, the Company has made an application to the Controller of Capital Issues for paying dividend at 15% in place of 13.5% on 5,50,000-13.5% Cumulative Redeemable Preference Shares of Rs. 100 each with effect from the said date. Pending such approval- no provision for increased dividend amounting to Rs. 5.16 lacs has been made in the accounts.

16. Licensed and Installed Capacity

	Unit	Licensed Capacity		Installed Capacity	
		1984	1983	1984	1983
(a) Polyester Yarn	MT.	25125	10000	10000+	10000 +
(b) Mono Ethylene Glycol*	M.T.	40000	—	—	—
(c) Linear Alkyl Benzene*	M.T.	50000	—	—	—
(d) purified Terephthalic Acid*	M.T.	75000	—	—	—
(e) Cotton/Blended Yarn	Spindles	50868	50868	50862	50862
(f) Cotton/Man-made Fabrics	Looms	940	940	940	940
	Knitting M/cs	22	22	22	22

+ Based on average Denier of 40

* On the basis of Letter of Intent Received

17. PRODUCTION

	Unit	1984	1983
Yarn (POY, Cotton and Blended)	M.T.	26320 *	23719 *
Fabrics	Mtrs. in Lacs	512.68	509.83
Methanol (By-product)	M.T.	934	6337

* Including for captive use.

SCHEDULE 'N' (Contd.)
18. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF

(Based on retirement of documents)

	1984 Rs.	(Rs. in lacs) 1983 Rs.
(a) Raw Materials	2393.47	2169.92
(b) Dyes and Chemicals, Stores and Spare Parts	368.60	295.73
(c) Capital Goods	2431.82	657.24
(d) Others	—	9.09

19. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF

Interest on Foreign Currency Loans (including interest on Loans for future period Rs. 1527.90 lacs)

Other matters (including commitment charges Rs. 24.66 lacs on foreign currency loans — Previous Year Rs. 3.52 lacs)

Erection Assistance Fees (net of taxes)

1825.50	497.67
32.61	40.23
—	44.66

20. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS

	Unit	Qty.	1984 Rs. in lacs	Qty.	1983 Rs. in lacs
(a) Opening Stock:					
Yarn	M.T.	2384	2747.72	1724	1656.48
Fabrics	Mtrs. in lacs	47.82	1350.05	49.22	1735.59
Stock-in-process (Yarn)	M.T.	2135	1863.82	1347	945.26
Stock-in-process (Fabrics)	Mtrs. in lacs	80.99	1670.63	85.87	2268.38
Methanol (By-product)	M.T.	134	7.36	72	4.35
Others	M.T.	19	1.44	12	0.57
(b) Closing Stock:					
Yarn	M.T.	1426	1774.28	2384	2747.72
Fabrics	Mtrs. in lacs	49.11	1522.33	47.82	1350.05
Stock-in-process (Yarn)	M.T.	1572	1807.03	2135	1863.82
Stock-in-process (Fabrics)	Mtrs. in lacs	63.01	1607.31	80.99	1670.63
Methanol (By-product)	M.T.	—	—	134	7.36
Others	M.T.	18	1.16	19	1.44
(c) Purchases:					
Fibre	M.T.	20	14.36	23	20.86
Yarn	M.T.	2095	3813.09	1653	2725.53
Fabrics	Mtrs. in lacs	81.23	1314.85	170.24	2595.40
Sea Foods	M.T.	756	336.19	470	299.26
D.M.T.	M.T.	2477	390.80	—	—
Sundries	—	—	—	—	9.09

SCHEDULE 'N' (Contd)

	Unit	1994		1983	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs
(d) Sales:					
Fibre	M.T.	20	13.98	23	20.16
Yarn (POY, Cotton and Blended)	M.T.	25642	41355.54	9930	29500.89
Fabrics	Mtrs. in lacs	592.60	18250.13	681.47	20127.57
Methanol/By-product)	M.T.	1068	46.41	6275	325.60
Sea Foods	M.T.	756	336.19	470	299.26
D.M.T.	M.T.	2477	425.19	—	—
Sundries	—	—	—	—	9.09
(e) Raw Materials consumed:					
P.T.A./D.M.T./	M.T.	19164	3560.69	19495	3016.97
M.E.G.	M.T.	7404	1087.95	6527	973.60
Cotton	M.T.	856	141.97	788	108.15
Fibre	M.T.	1810	1378.30	1694	1993.73
Yarn	M.T.	4631	7846.61	5174	8314.07
Fabrics (Grey)	Mtrs. in lacs	115.86	2178.79	90.16	1333.45

'M.T.' denotes Metric Tonne.

21. VALUE OF RAW MATERIALS CONSUMED

	1994		1983	
	Rs. in lacs	% of total Consumption	Rs. in lacs	% of total Consumption
Imported				
(Including Import Duty Rs. 2932.23 lacs)	5086.22	31.41	5684.30	37.54
Indigenous	11108.09	68.59	9455.67	62.46
	16194.31	100.00	15139.97	100.00

22. VALUE OF DYES AND CHEMICALS, STORES AND SPARE PARTS CONSUMED

Imported	585.14	26.62	644.64	29.94
Indigenous	1612.91	73.38	1508.59	70.06
	2198.05	100.00	2153.23	100.00

23. EARNINGS IN FOREIGN EXCHANGE

	1984	1983
	Rs.	Rs.
Export of goods on F.O.B. basis	417.86	521.25
Interest	—	9.33

24. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

The Company has not made any remittance in foreign currencies on account of dividend and does not have information as to the extent to which remittances in foreign currencies on account of dividend have been made by or on behalf of non-resident Shareholders. The particulars as required are given herebelow as at the end of the year.

(a) Number of Non-resident Shareholders	25	19
(b) Number of Equity Shares held by them	2975280	1811950
(c) i) Amount of dividend paid. (gross) (Tax at source Rs. 21.85 lacs) (Previous Year Rs. 13.57 lacs)	87.54	54.35
ii) Year to which dividend relates	1983	1982

SCHEDULE 'N' (Contd.)
(Rs. in lacs)

	1984	1983
	Rs.	Rs.
25. (a) Break-up of expenditure incurred on employees, who . were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000 per annum:		
i) Number of employees	342	265
ii) Salaries and Bonus	126.10	100.54
iii) Contribution to Provident Fund & Superannuation Fund	28.16	22.59
iv) Other Perquisites	46.68	32.95
(b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 3,000 per month:		
i) Number of employees	52	35
ii) Salaries and Bonus	10.43	7.96
iii) Contribution to Provident Fund & Superannuation Fund	2.38	1.66
iv) Other Perquisites	3.50	2.68

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. Shah
Proprietor.

For **CHATURVEDI & SHAH**
Chartered Accountants.

D. Chaturvedi
Partner.

D. H. Ambani
R. H. Ambani
Chairman & Managing Director
Joint Managing Director
K. Gopal Rao
J. R. Shah
M. L. Bhakta
K. S. Shenoy
R. R. Hirway
T. Ramesh U. Pai
Directors
N. H. Ambani
R. L. Meswani
A. D. Ambani
Executive Directors
V. M. Ambani
Secretary

Bombay
Dated: 25th March, 1985

AUDITORS' REPORT

To The Members of Reliance Textile Industries Limited

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED, as at 31st December, 1984 and also the annexed Profit & Loss Account of the Company for the year ended on that date. We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the Accounts read with the notes thereon and subject to:
 - a) Note No.8 regarding non receipt of Liquidator's statement of accounts;
 - b) Note No.9 regarding capitalisation of interest and its consequential effects on Profits, Reserves, Liabilities and Assets. This is not in accordance with the accounting practice recommended by the Institute of Chartered Accountants of India;
 - c) Note No.10 regarding provisions made for remuneration to one of the Executive Directors, which is subject to approval of the Central Government; and
 - d) Note No.15 regarding non(c)provision of Dividend on Preference Shares at increased rate give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view
 - i) in the case of Balance Sheet of the state of affairs of the Company as at 31st December,1984 and
 - ii) in the case of Profit & Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order,1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act,1956 and on the basis of such checks as we considered appropriate, we further report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except furniture and fixtures and factory equipments in respect of which proper records are maintained only from 1st January, 1973 onwards. All the fixed assets have been physically verified by the Management during the year and no serious discrepancies were noticed on such verification as compared with the available records.
2. None of the Fixed Assets have been revalued during the year.
3. Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores spare parts and raw materials save and except goods lying with third parties. The discrepancies noticed on such verification as compared with the book records were not significant and the same have been properly dealt with in the Books of Account. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
4. The Company has not taken any loans from Companies, Firms or other parties listed in the registers maintained under Section 301 and 370(1 C) of the Companies Act, 1956.
5. Loans and Advances in the nature of loans have been given to the employees free of interest. The repayment of principal amount in most of the cases are as stipulated.
6. On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for purchases of stores, raw materials including components, plants and machinery, equipments and other assets.
7. There are no purchases during the year of stores, raw materials or components from the Firms or Companies or other parties in which Directors are interested as listed in the register maintained under Section 301 of the Companies Act,1956. The Company has no subsidiaries.
8. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
9. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58 (c)A of the Companies Act,1956 and Rules made thereunder with regard to Fixed Deposits accepted from the Public.
10. In our opinion, the Company has maintained reasonable records for the sale and disposal of by(c)products and realisable scrap wherever significant.
11. The Company has an internal audit system commensurate with the size and nature of its business.
12. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of most of the manufacturing activities of the Company. Such accounts and records have prima facie, been maintained in respect of the Patalganga and Sidhpur Unit. As far as Naroda Unit is concerned necessary steps are being taken by the Company to compile such records. We have not, however, made a detailed examination of the same.
13. Provident fund dues have been regularly deposited during the year with the appropriate authorities
14. In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.
15. In respect of processing activities, we are informed that the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business and the system provides for a reasonable allocation of materials and man(c)hours consumed to the relative jobs. In our opinion, there is reasonable system for authorisation at proper levels with necessary control on the issues and allocation of stores and labour processing jobs.

For RAJENDRA & CO.
Chartered Accountants.

R. J. SHAH
Proprietor.

For CHATURVEDI & SHAH
Chartered Accountants.

D. CHATURVEDI
Partner.

Bombay
Dated: 25th March, 1985